

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 539 – HB 815

April 7, 2015

SUMMARY OF ORIGINAL BILL: Requires local education agencies (LEAs) to close virtual schools that have a Tennessee Value-Added Assessment (TVAAS) score of significantly below expectations for three consecutive fiscal years.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – To the extent a virtual school closes, there will be a shift in Basic Education Program (BEP) funding from one LEA to another or from a virtual school to a regular brick and mortar classroom. There may also be a decrease in an LEA's required maintenance of effort or a decrease in other local expenditures relative to virtual schools. Such changes in state and local expenditures are dependent upon multiple unknown factors and cannot be reasonably quantified.

SUMMARY OF AMENDMENT (005112): Adds language to Section 1 of the bill prohibiting a non-profit or for-profit entity that contracts with an LEA to operate a virtual school and whose virtual public school is closed as a result of unsatisfactory TVAAS scores, from contracting with any LEA to open another virtual school. TVASS scores from academic years prior to the bill's enactment date shall not be used to determine whether a virtual public school has demonstrated student achievement growth "significantly below expectations" for three consecutive years.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Virtual schools operate as separate schools and receive their own TVAAS scores.
- The impact on state and local BEP funding will be determined by the enrollment of the virtual school at the time of closure; which LEA a closing virtual school is located; where students within such schools will attend school once the virtual school closes; the fiscal capacity of the LEA where the closing virtual school is located; and the fiscal year in which any closing occurs.
- There may be a savings to local governments relative to virtual schools if students transfer from a virtual school to a brick and mortar school within the same LEA.
- Any reduction in an LEA's required maintenance of effort will be dependent upon how enrollment within the LEA is impacted as result of the closing virtual academy.

SB 539 – HB 815

- Since a majority of LEAs are funding above and beyond their BEP required local match, any transfer of students from a closing virtual school to a different LEA is not estimated to increase the receiving LEA's BEP maintenance of effort, thereby necessitating an increase in local expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

/msg